

# Media release



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## **2015 1st half SLT Group Profits up by 17%**

Sri Lanka Telecom, the national telecommunication service provider, released the company's group financial performance statement for the 1st half of 2015. The group comprises of the holding Company Sri Lanka Telecom (SLT) and its eight subsidiaries including the mobile arm Mobitel (Pvt) Ltd. (Mobitel)

The group reported revenue of Rs. 33.5 bn during the 1st six months of the year 2015, with a 7% growth compared to the same period of the previous year. Both Fixed Telephony and Mobile Segments have contributed to the growth. As explained below, Mobitel has displayed an impressive performance in revenue and profits generation during the 1st half of 2015. The group operating costs have been managed at Rs. 22.6 bn during the period under review, with an escalation of 4% year on year, which is below the increasing rate of revenue.

Owing to the revenue growth while maintaining the operating costs at an optimum level, the EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization) was increased by 14% year on year to Rs. 10.9 bn, while improving EBITDA margins to 32.5 % from 30.4 % of the same period from the previous year.

The group reported Rs. 4.4 bn Profit Before Tax during the 1st half of 2015, which is 8% year on year growth after surpassing the negative impact arising from Rs. 363 mn foreign exchange loss incurred during the period under review against the Rs. 99 mn gain in the previous year and zero TDC refunds compared to Rs. 699 mn of the same year. The group Profit for the Period surged by 17% to Rs. 3.5 bn. The group Annualized Earnings Per Share improved to Rs. 3.85 from Rs. 3.29 compared to that of the 1st half of 2014.

SLT Group CEO Dileepa Wijesundera shared his views on the performance by stating that the SLT Group had done well to maintain the growth momentum in the face of rising costs. He said, "The SLT Group is poised for further growth through customized Enterprise ICT solutions, Next Generations' Broadband internet solutions including; Ultrafast Fibre Optic connections and wireless 4G/LTE services with expanded coverage in to the green fields. Also this growth will be backed by feature-rich PEO TV facilities offered through the recently introduced modern IPTV platform."

The holding company SLT continued to maintain the revenue growth at 5% during the 1st half of 2015, compared to the same period in 2014. Surpassing the challenges for fixed voice revenue, the local non – voice revenue streams have driven the growth. The company has been able to maintain its operating costs at Rs. 14.4 bn, during the 1st half of 2015, which was a marginal increase from the same period from the

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previous year, resulting from effective cost control initiatives that were introduced throughout the company.

“EBITDA was up by 16% year on year to Rs. 5.5 bn. EBITDA’s margin had improved to 27.5% during the period under review when compared to 24.9% to the year before. The company’s Profit Before Tax for the 1st half of 2015 has dipped by 7% to Rs. 1.9 bn, mainly due to zero TDC refund, against Rs. 699 mn TDC gain of the same period of last year. Company profit after tax for the period remained at the same level of Rs. 1.3bn,” Mr. Wijesundera acknowledged.

Mobitel had continued to grow its revenue despite the intensifying competitive position in the industry. Company revenue for the first half of 2015 was at Rs. 16.1 bn, up by 10% compared to the corresponding period in 2014. Revenue growth was aptly supported by the growth in data services. When comparing the first half performance it was observed that companies EBITDA and EBIT had grown by 16% and 64% respectively year-on-year. The company’s Net Profit After Tax (NPAT) for the first half of 2015 was at Rs. 2.19 bn compared to Rs. 1.4 bn of the first half of 2014.

The growth in NPAT during the period is appreciable compared to same period in last year due to company efforts to lower costs as well as reduction in input prices such as fuel expenses. The strong growth in NPAT was also supported by favourable macro conditions that prevailed during the period despite the depreciation of the Sri Lankan Rupee.